

## State of Tennessee Indebtedness

		<u>a/o December 31, 2009</u>		<u>a/o June 30, 2010</u>		<u>Difference</u>	
	Moody's/S&P/Fitch Credit Ratings <sup>1)</sup>	Number of loans/projects	Debt Outstanding	Number of loans/projects	Debt Outstanding	Number of loans/projects	Debt Outstanding
<u>Long-term General Obligation debt</u>							
General Obligation Bonds Outstandir	Aaa/AA+/AAA	1,445	\$ 1,686,450,000 <sup>2)</sup>	1,445	\$ 1,617,505,000 <sup>2)</sup>	-	\$ (68,945,000)
<u>General Obligation Commercial Paper</u>							
Tax-Exempt		141	\$ 263,034,000	157	\$ 214,463,000	16	\$ (48,571,000)
Taxable		4	36,167,000	3	26,927,000	(1)	\$ (9,240,000)
Total Commercial Paper outstanding	P-1/A-1+/na	145	\$ 299,201,000	160	\$ 241,390,000	15	\$ (57,811,000)
<u>Tennessee Local Development Authority</u>							
Bonds issued and outstanding	Aa3/AAA/AA	59	\$ 52,660,000	59	\$ 46,880,000	-	\$ (5,780,000)
Notes issued and outstanding	MIG 1/SP-1+/F1+	2	\$ 52,845,000	3	\$ 53,060,000	1	\$ 215,000
<u>Tennessee State School Bond Authority</u>							
Higher Education Facilities Program							
Bonds outstanding	Aa2/AA/AA+	211	\$ 881,890,000 <sup>3)</sup>	230	\$ 834,538,000 <sup>3)</sup>	19	\$ (47,352,000)
Commercial Paper outstanding:							
Tax-Exempt		31	\$ 95,415,000	38	\$ 139,552,000	7	\$ 44,137,000
Taxable		12	127,230,000	16	142,230,000	4	\$ 15,000,000
Total Commercial Paper	P-1/A-1+/na	43	\$ 222,645,000	54	\$ 281,782,000	11	\$ 59,137,000
Qualified Zone Academy Bond Program							
Bonds outstanding	n/a	23	\$ 57,210,000	23	\$ 57,210,000	-	\$ -
Qualified School Construction Bonds	Aa1/AA/na	13	\$ 177,000,000	13	\$ 177,000,000	-	\$ -
(Security for the QZABs and QSCBs is the general obligation pledge of the local borrowers. Does not cross default to Higher Education.)							
<u>State Revolving Loan Programs</u>							
Clean Water (Sewerage)							
Principal Outstanding	n/a	191	\$ 543,407,000 *	194	\$ 557,437,000 *	3	\$ 14,030,000
Drinking Water							
Principal Outstanding	n/a	70	\$ 76,237,927 *	73	\$ 80,625,627 *	3	\$ 4,387,700
<b>Total Loans/Debt Managed by Division of Bond Finance:</b>		<b>2,202</b>	<b>\$ 4,049,545,927</b>	<b>2,254</b>	<b>\$ 3,947,427,627</b>	<b>52</b>	<b>\$ (102,118,300)</b>

	<u>a/o December 31, 2009</u>			<u>a/o June 30, 2010</u>		<u>Difference</u>	
	<u>Moody's/S&amp;P/Fitch Credit Ratings</u>	<u>Number of loans/projects</u>	<u>Debt Outstanding</u>	<u>Number of loans/projects</u>	<u>Debt Outstanding</u>	<u>Number of loans/projects</u>	<u>Debt Outstanding</u>
<b>Total Loans/Debt Managed by Division of Bond Finance:</b>		<b>2,202</b>	<b>\$ 4,049,545,927</b>	<b>2,254</b>	<b>\$ 3,947,427,627</b>	<b>52</b>	<b>\$ (102,118,300)</b>
<b><u>Tennessee Housing Development Agency</u></b>							
Mortgage Loans/Principal Outstanding	Aa2/AA/na	25,928	\$ 1,907,375,000	24,267	\$ 1,825,550,000 ***	(1,661)	\$ (81,825,000)
("NIBP") (2009 Bond Resolution) **	Aa2/na/na	544	\$ 400,000,000	2,489	\$ 474,710,000	1,945	\$ 74,710,000
Mortgage Loans / Principal Outstanding		<u>26,472</u>	<u>\$ 2,307,375,000</u> 4)	<u>26,756</u>	<u>\$ 2,300,260,000</u> 4)		<u>\$ (7,115,000)</u>
<b>Total State Indebtedness a/o 12/31/09:</b>			<b><u>\$ 5,737,276,000</u> *</b>	<b>a/o 6/30/10:</b>	<b><u>\$ 5,609,625,000</u> *</b>		<b><u>\$ (127,651,000)</u></b>

\* The State administers the State Revolving Loan Funds Programs for the Local Governments. The programs currently have no outstanding indebtedness in the capital marketplace. The programs are funded by federal and state capitalization grants. Therefore, the dollar amount of loans managed for the State Revolving Loan Programs is not included in the Total State Indebtedness.

\*\* The Issue 2009-A1 Bonds (totaling \$40,000,000) were offered to investors.

The Issue 2009-A2 Bonds (totaling \$60,000,000) and the Issue 2009-B Bonds (totaling \$300,000,000) were purchased by Fannie Mae and Freddie Mac pursuant to the Single Family New Issue Bond Program (the "NIBP") announced by the United States Department of the Treasury, Fannie Mae and Freddie Mac. Due to the special program requirements, a new general bond resolution was drafted and approved. Neither the full faith and credit nor the taxing power of the State, or of any other political subdivision thereof is pledged for the payment of principal or interest on the Issue 2009 Bonds.

The Issue 2010-A and 2010-B Bonds (totaling \$74,710,000) were offered to investors.

The Issue 2009-B, Subseries B-1 Bonds (totaling \$85,290,000) were the first draw and conversion of the \$300,000,000 2009-B Bonds initially issued in December 2009. These bonds were purchased by Fannie Mae and Freddie Mac pursuant to the NIBP.

\*\*\* Principal outstanding does not include \$83,050,000 of Single Family Notes held by THDA (pursuant to IRS Notice 2008-88) due to GASB requirements.

This amount is included for purposes of calculating authorized/unissued debt.

### **AUTHORIZED/UNISSUED DEBT**

<b>General Obligation</b>	\$ 1,830,202,804	5)	\$ 2,017,057,165	5)	\$ 186,854,361
<b>Tennessee Local Development Authority (TLDA)</b>	\$ 193,800,000	6)	\$ 193,800,000	6)	\$ -
<b>TLDA Capital Projects</b>	\$ 50,000,000		\$ 50,000,000		\$ -
<b>Tennessee Housing Development Agency (THDA)</b>	\$ 539,575,000	6)	\$ 761,400,000	6)	\$ 221,825,000
<b>Tennessee State School Bond Authority (TSSBA)</b>	\$ 493,477,663	7)	\$ 483,985,827	7)	\$ (9,491,836)

a/o December 31, 2009a/o June 30, 2010Difference

<u>Moody's/S&amp;P/Fitch Credit Ratings</u>	<u>Number of loans/projects</u>	<u>Debt Outstanding</u>	<u>Number of loans/projects</u>	<u>Debt Outstanding</u>	<u>Number of loans/projects</u>	<u>Debt Outstanding</u>
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**Footnotes:**

<sup>1)</sup> **The Moody's and Fitch ratings for the following programs were recalibrated as follows:**

Fitch Ratings:

State of Tennessee from AA+ to AAA (effective 4/5/2010)  
Tennessee State School Bond Authority from AA to AA+ (effective 4/30/2010)  
Tennessee Local Development Authority from AA- to AA (effective 4/30/2010)

Moody's Investor Service:

State of Tennessee from Aa1 to Aaa (a/o 4/19/2010)  
Tennessee State School Bond Authority, Qualified School Construction Bonds, Series 2009 (Tax Credit Bonds) (a/o 4/16/2010)  
- Financing rating from Aa3 to Aa2  
- Programmatic rating from Aa2 to Aa1

<sup>2)</sup> **This amount includes the following:**

Beg. Bonds outstanding:	\$ 1,488,485,000	\$ 1,686,450,000	
Less: Principal maturities	(49,085,000)	(68,945,000)	
Bonds issued 12/16/09:	290,000,000		
Less: Refunded bonds	(42,950,000)		
Total Bonds Outstanding:	<u>\$ 1,686,450,000</u>	<u>\$ 1,617,505,000</u>	<u>\$ (68,945,000)</u>

<sup>3)</sup> **This amount includes the following:**

Total Bonds Outstanding:	<u>\$ 881,890,000</u>	<u>\$ 834,538,000</u>	<u>\$ (47,352,000.00)</u>
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<sup>4)</sup> **Excludes bonds and notes that have been refunded at June 30, 2010.**

<sup>5)</sup> **This amount includes the following:**

Beg. Authorized/Unissued:	\$ 2,213,525,736	2009/2010:	\$ 1,830,202,804	
Less: Canceled Bond Authorization 2008/2009	(112,507,155)		(7,245,639)	
Bonds issued 9/4/09:				
Bonds issued 4/23/09:				
New Bond Authorization 2010-11			194,100,000	
Governor's Bond bill				
Bonds issued 12/16/09: 2009 Series C	(235,890,000)			
2009 Series D	(9,840,000)			
Less: Original Issue Premium 12/16/09	(25,085,777)			
Authorized/Unissued a/o 12/31/09:	<u>\$1,830,202,804</u>	A/U a/o 6/30/10:	<u>\$2,017,057,165</u>	<u>\$ 186,854,361</u>
TDOT Bond Authorization:	\$ 855,000,000		\$ 823,400,000	\$ (31,600,000)
Capital Projects Bond Authorization:	975,202,804		1,193,657,165	\$ 218,454,361
	<u>1,830,202,804</u>		<u>2,017,057,165</u>	<u>\$ 186,854,361</u>

<sup>6)</sup> **Amount indicated is the unissued remaining statutory debt limit.**

Authorized/Unissued debt includes \$83,050,000 of Single Family Notes held by THDA (pursuant to IRS Notice 2008-88) and does not include \$214,710,000 of 2009-B NIBP Escrow Bonds (pursuant to TCA 13-23-121).

<sup>7)</sup> **Amount indicated is disclosed capital projects not yet Authorized.**